

**Sarantis Polska S.A.
ul. Puławska 42C
05- 500 Piaseczno**

**Audit Opinion and Report
on the financial statements
for the period from 1 January 2007 to 31 December 2007**

**Audit Opinion
for the Shareholders and Supervisory Board of
Sarantis Polska S.A.**

We have audited the accompanying financial statements of **Sarantis Polska S.A.** with its registered office in Piaseczno, 42C Puławska Street, consisting of:

- an introduction;
- the balance sheet prepared as at 31 December 2007, showing total assets and liabilities of **PLN 97 057 021**;
- the profit and loss account for the period from 1 January 2007 to 31 December 2007, showing a net profit of **PLN 18 973 993**;
- statement of changes in shareholders' equity for the period from 1 January 2007 to 31 December 2007, showing an increase in shareholders' equity of **PLN 6 100 225**;
- the cash flow statement for the period from 1 January 2007 to 31 December, showing a net cash increase of **PLN 410 050**;
- notes to the financial statements.

The Company's Management Board is responsible for the truth and fairness of these financial statements prepared in accordance with the requirements of the European Union approved version of International Financial Reporting Standards, and in issues not regulated by these standards, in accordance with the Accounting Act dated 29 September 1994 (2002 Journal of Laws No. 76, item 694 with subsequent amendments) and the related implementing regulations.

Our responsibility was to audit the financial statements and to express an opinion whether the financial statements are free of material misstatements.

We conducted our audit in accordance with:

- 1) Chapter 7 of the Accounting Act dated 29 September 1994 (2002 Journal of Laws No. 76, item 694 with subsequent amendments),
- 2) professional auditing standards issued by the Polish National Chamber of Certified Auditors.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the audited financial statements consisting of financial data and explanations:

- give a true and fair view of the financial position of Sarantis Polska S.A. as at 31 December 2007, as well as its financial result for the period from 1 January 2007 to 31 December 2007,
- have been prepared correctly in all material respects, i.e. in accordance with the Company's accounting policies arising out of the European Union approved version of International Financial Reporting Standards, as well as the related interpretations announced by the European Commission in the form of implementing regulations, and in issues not regulated by these Standards – in accordance with the Accounting Act and the related regulatory provisions issued on the basis of this Act, as well as on the basis of properly maintained books of account,
- are consistent with the laws and regulations binding in Poland and with the Company's Statute, to the extent to which such regulations affect the content of the financial statements.

The Directors Report includes all information required by article 49 point 2 of the Accounting Act, and the financial data contained therein is consistent with the audited financial statements.

Warsaw, 25 January 2008

BDO Numerica S.A.
ul. Postępu 12
02-676 Warszawa
Registration No. 523

Auditor in charge
Hanna Sztuczyńska
Polish Certified Auditor
Reg. No. 9269/6955

On behalf of BDO Numerica S.A.
Dr. André Helin
Polish Certified Auditor
Reg. No. 90004/502
Senior Partner BDO Numerica S.A.

**Sarantis Polska S.A.
ul. Puławska 42C
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**Audit Report
on the financial statements
for the period from 1 January 2007 to 31 December 2007**

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I. GENERAL INFORMATION

1. Information about the Company

1.1 Name and legal status

Pursuant to the notarial deed of September 14, 2004 Repertory A 4219/2004 the Company conducts business activity under business name Sarantis Polska S.A. Earlier, the Company operated under name S.D. Pack Plast International S.A. The business entity is a joint stock company operating in the territory of Poland according to the Polish law.

1.2 Registered office

Piaseczno, 42C Puławska Street

1.3 Areas of activity

In accordance with the National Court Register, the Company's activities include:

According to the entry into the register the Company's core activity is:

- production of paper and cardboard products,
- publishing activity,
- typography,
- reproduction of recorded carriers of information,
- production of plastics,
- production of detergents for cleaning and cosmetic products,
- production of plastic products,
- production of home appliances, unclassified elsewhere,
- wholesale on commission,
- wholesale of home and personal use products,
- other wholesale,
- retail sale in non-specialized stores,
- retail sale of cosmetic products,
- other retail sale of new goods in specialized stores,
- retail sale of used articles in consignment stores,
- retail sale outside the stores network,
- other land transport,
- reloading and storage of goods,
- activity of other transport agencies,
- real property services for own account,
- real property services on commission,
- lease of motor cars,
- lease of other means of land transport,
- lease of plant and machinery,
- advisory within the scope of computer hardware,
- activity within the scope of computer software,
- data processing,

- activity related with databases,
- maintenance and repair of office accounting and calculation machines,
- IT-related activity,
- Market and research public opinion studies,
- Advisory within the scope of conducting business activities and management,
- activity related to holdings management,
- advertising,
- other commercial activity,
- continuous education for adults and other forms of education.

During the period covered by the audit, the Company mainly dealt with the wholesale of home and personal use products and cosmetics.

1.4 Legal basis for the Company's operations

Sarantis Polska S.A. operates on the basis of:

- The Company's Statute prepared in the form of notarial deed Rep. A No. 2752/2003 on 3 March 2003 with subsequent amendments,
- The Code of Commercial Partnerships and Companies

1.5 Registration at National Court Register

On November 6, 2001 the Company was registered in the National Court Register at the District Court in Warsaw – XXI Commercial Division Registration Section under KRS No. 0000050586. On April 24, 2003 the transformation into a joint stock company with the KRS no. 0000158603 was registered. Earlier, the Company was registered in the District Court for the capital city of Warsaw, XVI Commercial Division under no. RHB 25872.

1.6 Registration at Tax Office and Voivodship Statistical Office

NIP	521-04-18-872
REGON	010504922

1.7 Share capital – value and changes in the audited period

The share capital of the Company amounts to PLN 34 400 000.00 and is divided into 1 915 000 non-preference A series registered shares, 1 135 000 non-preference B series registered shares and 390 000 non-preference C series registered shares with the nominal value of PLN 10.00 each.

In the period under the audit there were no changes in the amount of the initial capital.

The sole shareholder of Sarantis Polska SA is GR Sarantis Cyprus Ltd.

1.8 The Company's Management and Supervisory Board

As at 1 January 2007 the Management Board of Sarantis Polska S.A. comprised:

- Ioannis Vekris – President of the Management Board,
- Kyriakos Sarantis – Vice-President of the Management Board
- Georgios Koletsos – Vice-President of the Management Board
- Konstantinos Rozakeas – Member of the Management Board Członek Zarządu.

On 4 June 2007, by means of Resolution No. 12 the General Meeting dismissed Mr. Georgios Koletsos from his post as Vice President of the Management Board. At the same time, Mr. Nikos Evangelou was appointed to act in this capacity.

As at 31 December, 2007 the Management Board of Sarantis Polska S.A. comprised;

- Ioannis Vekris – President of the Management Board,
- Kyriakos Sarantis – Vice-President of the Management Board
- Nikos Evangelou – Vice-President of the Management Board
- Konstantinos Rozakeas – Member of the Management Board Członek Zarządu

As at 31 December, 2007 the Supervisory Board of Sarantis Polska S.A. comprise:

- Grigorios Sarantis
- Vasileios Meintanis
- Konstantinos Stamatou .
- Pantazis Sarantis

By the date of issuance of the opinion there had been no changes in the composition of the Management Board and the Supervisory Board.

The following persons are authorized to represent the Company: President of the Management Board, acting jointly with one Vice-President of the Management Board, or one Vice-President of the Management Board, acting jointly with another member of the Management Board.

No commercial representation has been appointed.

1.9 Employment

As of December 31, 2007 the Company employed 278 persons. The average employment in the audited period was 267 persons.

1.10 Information about related parties

As at 31 December, 2007 Sarantis Polska S.A. holds 100% shares in Sarantis Czechy s.r.o. (formerly Pack Plast Czeska Republika s.r.o.).

On June 04, 2007 the Extraordinary Shareholders Meeting of Netwest Sp. z o.o., whose 100% shares were held by the Company adopted the resolution on concluding the liquidation of Netwest and on the distribution among the shareholders the assets left after satisfying the creditors and after completing the Company's liquidation. Due to the mutual settlements of Sarantis Polska SA and Netwest Sp. z o. o. in liquidation, a compensation of trade settlements with the capital settlement was conducted. The surplus of the equity of the liquidated Company over the nominal value of the shares in the amount of PLN 887 056,55 was correctly accounted for in the financial income of the audited Company.

Sarantis Polska S.A. is a part of an Capital Group Sarantis Group, whose ultimate controlling entity is Spółka GR Sarantis S.A.

2. Information about the audited financial statements

We have audited the financial statements prepared for the period from 1 January 2007 to 31 December 2007, consisting of:

- an introduction;
- the balance sheet prepared as at 31 December 2007, showing total assets and liabilities of **PLN 97 057 021**
- the profit and loss account for the period from 1 January 2007 to 31 December 2007, showing a net profit of **PLN 18 973 993**;
- statement of changes in shareholders' equity for the period from 1 January 2007 to 31 December 2007, showing an increase in shareholders' equity of **PLN 6 100 225** ;
- the cash flow statement for the period from 1 January 2007 to 31 December, showing a net cash increase of **PLN 410 050**;
- notes to the financial statements.

In accordance with Resolution No. 1 passed by the Extraordinary General Shareholders Meeting on 16 November 2007, starting on 1 January 2007 the Company prepares its financial statements in accordance with International Accounting Standards and International Financial Reporting Standards, as well as the related implementing regulations issued by the European Commission.

3. Information about the entity authorized to conduct audits and the certified auditor performing the audit

BDO Numerica S.A. (formerly BDO Numerica Sp. z o.o.) with its registered office in Warsaw, ul. Postępu 12, is an entity authorized to audit financial statements, registered in number 523.

The audit was performed on the basis of an agreement signed by BDO Numerica Sp. z o.o. (actually BDO Numerica S.A.) on 26 September 2007, and performed at the Company's offices in the period from 15 January 2008 to 25 January 2008 under the direction of Hanna Sztuczyńska – Certified Auditor No. 9269/6955.

BDO Numerica S.A. was selected as at the auditor of the financial statements of Sarantis Polska S.A. in Resolution by the Supervisory Board on 8 September 2006.

We hereby declare that BDO Numerica S.A. and the certified auditor performing the audit meet the conditions required to issue an objective and independent opinion on the audited financial statements, as provided for in article 66 par. 1 and 2 of the Accounting Act.

The Company provided the auditor with access to all of the requested data and provided all the information and explanations necessary to perform the audit, as well as informed of all significant post-balance sheet events.

The auditor was not limited in selecting the appropriate auditing methods.

4. Information about the financial statements for the previous financial year

The books of account were opened on the basis of the financial statements prepared for the period from 1 January 2006 to 31 December 2006, which had been audited by BDO Numerica Sp. z o.o. and given an unqualified opinion.

The Company's financial statements for the period from 1 January 2006 to 31 December 2006 were approved in Resolution No. 1 passed by the Ordinary General Meeting on 4 June 2007.

In its Resolution No. 13 General Meeting selected to distribute the net profit for the period from 1 January 2006 to 31 December 2006, amounting to PLN 12 873 767,98 for the payment of a dividend and the remainder of the profit in the amount of PLN 1 119 458,08 was added to the Company's reserve capital.

The financial statements for the period from 1 January 2006 to 31 December 2006 were filed by the required due dates with the relevant Tax Office and the National Court Register.

The financial statements for the period from 1 January 2006 to 31 December 2006 were published in Polish Monitor "B" dated 11 October 2007, item 9488.

5. External inspections

In the audited period the Company was inspected by the National Bank of Poland. The inspection was aimed at establishing whether the Company fulfilled the reporting requirements resulting from Art. 30 clause 1 of the Act of 27 July 2002: Foreign Exchange Law (Journal of Laws No. 141, item 1178, as amended). There were no irregularities found during the inspection.

II. FINANCIAL ANALYSIS

1.1.1. Balance sheet

	<u>31.12.2007</u>	% of balance sheet total	<u>31.12.2006</u>	% of balance sheet total	<u>31.12.2005</u>	% of balance sheet total
ASSETS						
Fixed assets						
Intangible fixed assets	191 918	0,20	256 521	0,27	260 328	0,27
Tangible fixed assets	6 658 677	6,86	6 371 180	6,59	7 010 013	7,31
Perpetual usufruct	1 462 980	1,51	1 462 980	1,51	1 462 980	1,53
Long-term investments in associated and co-subsiary companies	3 101 378	3,20	11 586 389	11,99	13 529 138	14,12
Deferred income tax assets	628 395	0,65	473 527	0,49	707 404	0,74
	12 043 348	12,41	20 150 597	20,85	22 969 863	23,97
Current assets						
Stock	22 526 149	23,21	21 052 342	21,78	25 849 594	26,97
Short-term receivables	57 890 342	59,65	50 682 307	52,45	44 501 051	46,43
Tax receivables	-	0,00	473 718	0,49	444 795	0,46
Cash and cash equivalents	3 115 489	3,21	2 705 439	2,80	926 679	0,97
Short-term prepayments	1 453 943	1,50	1 545 728	1,60	1 145 798	1,20
Available for sale assets	27 750	0,03	27 750	0,03	-	-
	85 013 672	87,59	76 487 284	79,15	72 867 917	76,03
TOTAL ASSETS	97 057 021	100,00	96 637 881	100,00	95 837 780	100,00
LIABILITIES						
Equity						
Initial capital	34 400 000	35,44	34 400 000	35,60	34 400 000	35,89
Reserve capital	1 647 171	1,70	527 713	0,55	34 727	0,04
Share premium	1 055 603	1,09	1 055 603	1,09	1 055 603	1,10
Net result for the current year	18 973 993	19,55	13 993 226	14,48	6 162 321	6,43
	56 076 767	57,78	49 976 542	51,72	41 652 651	43,46
Liabilities and provisions						
Provisions for liabilities	36 505	0,04	8 791	0,01	31 284	0,03
Long term liabilities	1 616 728	1,67	542 343	0,56	-	-
Short-term liabilities	30 808 176	31,74	43 675 039	45,19	44 430 006	46,36
Short term loans	3 450 101	3,55	1 405	0,00	7 069 550	7,38
Tax liabilities	2 533 063	2,61	-	-	-	-
Accruals	2 535 681	2,61	2 433 761	2,52	2 654 289	2,77
	40 980 254	42,22	46 661 339	48,28	54 185 129	56,54
TOTAL LIABILITIES	97 057 021	100,00	96 637 881	100,00	95 837 780	100,00

1.2 Profit and Loss Account

	Year ending on <u>31.12.2007</u>	Dynamics 2007/2006	Year ending on <u>31.12.2006</u>	Dynamics 2006/2005	Year ending on <u>31.12.2005</u>
Revenues from sales					
Revenues from the sale of products	2 015 842	130,12%	875 992	-98,75%	69 985 068
Revenues from the sale of goods and materials	228 280 900	18,51%	192 625 997	93,31%	99 647 324
	<u>230 296 742</u>	19,02%	<u>193 501 989</u>	14,07%	<u>169 632 292</u>
Other operating revenues	1 322 157	0,67%	1 313 315	-20,00%	1 641 659
Costs of the operating activities					
Change in the value of products	272 425	-9436,02%	-2 918	-100,13%	2 175 311
Depreciation	2 002 817	4,08%	1 924 395	4,06%	1 849 323
Consumption of materials and power	4 927 164	1,04%	4 876 669	31,71%	3 702 598
Outside services	49 853 045	11,91%	44 548 243	-0,59%	44 814 643
Taxes and fees	367 165	-10,93%	412 210	-4,95%	433 679
Remunerations	16 700 227	53,82%	10 857 139	27,39%	8 522 485
Social insurance and other performances	2 758 405	21,79%	2 264 826	29,97%	1 742 623
Other costs by kind	789 967	15,61%	683 296	5,09%	650 225
Value of sold goods and materials	129 646 381	16,92%	110 885 027	14,76%	96 625 693
Other operating costs	<u>1 505 173</u>	-29,34%	<u>2 130 021</u>	-18,12%	<u>2 601 436</u>
	<u>208 822 769</u>	16,94%	<u>178 578 908</u>	9,48%	<u>163 118 016</u>
Profit(loss) on operating activities	22 796 130	40,40%	16 236 396	99,07%	8 156 035
Financial revenue	1 121 694	-14,31%	1 309 045	286,67%	338 547
Financial costs	594 389	63,42%	363 712	-54,63%	801 661
Financial result (net)	<u>527 305</u>	-44,22%	<u>945 333</u>	-304,13%	<u>-463 114</u>
Result from extraordinary events	0,00	-	0,00	-	0,00
Gross profit/loss	<u>23 323 435</u>	35,75%	<u>17 181 729</u>	123,34%	<u>7 692 921</u>
Corporate income tax	4 349 442	36,41%	3 188 503	108,32%	1 530 601
Other compulsory charges of the result	0	-	0	-	0
Net profit/loss	<u>18 973 993</u>	35,59%	<u>13 993 226</u>	127,08%	<u>6 162 320</u>

1.3. Main Financial Ratios

		01.01.07 – 31.12.07	01.01.06 – 31.12.06	01.01.05 – 31.12.05
Return on assets	$\frac{\text{net financial result}}{\text{total assets}}$	19,6%	14,5%	6,4%
Return on equity	$\frac{\text{net financial result}}{\text{equity}}$	33,8%	28 %	14,8%
Net sales margin	$\frac{\text{net financial result}}{\text{revenues from the sale of products}}$	8,2%	7,2%	3,7%
Current ratio	$\frac{\text{total current assets}}{\text{short-term liabilities}}$	2,3	1,8	1,4
Quick ratio	$\frac{\text{total current assets} - \text{inventories}}{\text{short-term liabilities}}$	1,7	1,3	0,9
Cash ratio	$\frac{\text{total current assets} - \text{inventories} - \text{receivables}}{\text{short-term liabilities}}$	0,1	0,1	0,04
Inventories turnover	$\frac{\text{average inventories} \times 360 \text{ days}}{\text{cost of the sold products}}$	61 days	days	4 days
Average collection period in number of days	$\frac{\text{total gross trade receivables} \times 360 \text{ days}}{\text{revenues from the sale of products}}$	87 days	91 days	95 days
Average payment period in number of days	$\frac{\text{average inventories} \times 360 \text{ days}}{\text{own cost of the sold products}}$	97 days	135 days	95 days

1.4 Interpretation of ratios

In the period from 1 January 2007 to 31 December 2007 the Company generated the net profit in the amount of PLN 18 973 993,18. As compared with the previous year, in 2007 the financial result increased by 35.59%. The financial result changed mainly due to a considerable increase in the revenues from sale which, as compared with the previous year, increased by 19.02% in the audited financial year.

The balance sheet total as of 31 December 2007 amounted to PLN 97 057 021, which is similar to the previous year's result. The biggest share in the structure of assets have short-term receivables which account for 59.65% of the balance sheet total. As regards the structure of liabilities, the share of short-term liabilities and the initial capital amounts to 42.22% and 57.78 respectively.

The generated profit led to a very high level of profitability ratios. Profitability ratios for the financial year were as follows: return on assets 19.6 %, return on equity 33.8 %, return on net sales 8.2%.

The receivables turnover ratio improved from 91 days in 2006 to 87 days in the audited period. The liabilities turnover ratio decreased from 135 days in 2006 to 97 days in 2007. Compared with the previous year, the inventory turnover ratio increased by 16 days and currently stands at 61 days.

As compared with the previous year, the current ratio improved slightly from 1.8 to 2.3. The quick ratio increased from 1.3 in 2006 to 1.7 in the current year. The liquidity ratios are considered statistically optimal.

The achieved results and the Company's general financial condition do not indicate any threat to the continuation of its activity, within the meaning of International Financial Reporting Standards and International Accounting Standards.

III. DETAILED INFORMATION

1. Assessment of the Company's accounting and internal control system

1.1 Accounting system

In accordance with Resolution No. 1 passed by the Extraordinary General Shareholders Meeting on 16 November 2007, starting on 1 January 2007 the Company prepares its standalone and consolidated financial statements in accordance with International Accounting Standards and International Financial Reporting Standards, as well as the related implementing regulations issued by the European Commission.

Detailed accounting principles applied by the Company have been specified in the accounting policy a part of which is a Company Chart of Accounts specifying the list of the accounts of the General Ledger together with the adopted accounting principles.

Business operations are recorded by means of the computer software CONCORDE XAL. The Company has complete documentation of the software containing the user's manual of the system.

The records of the business operations and the manner of documenting them allow to establish a taxable basis.

The records in the books are maintained chronologically and on a regular basis based on the proper source documents.

The adopted accounting policy is applied in a continuous manner and allows for the proper opening of the accounting books.

The accounting books are maintained in a error-free manner, allowing for their verifiability and for matching the records made in the books with the accounting source documents and the financial statements.

The methods of securing access to the data and the system of their processing by means of a computer are correct.

Accounting documentation, books and financial statements are properly protected.

1.2 Inventory-taking of Assets Components

Physical inventory-taking covered:

- as of January 11, 2008, goods and materials in the warehouse of Sarantis in Pruszków;
- as of November 31, 2007, fixed assets;
- as of December 31, 2007, cash in hand.

The following items were inventoried by means of balances confirmations:

- as of October 31, 2007, trade receivables (domestic and foreign);
- as of December 31, 2007, cash in banks.

In the physical inventory as of January 11, 2008 a representative of the auditor participated as the observer.

The inventory-taking of the assets components was conducted in compliance with the Accounting Act (Journal of Laws 02.76.694), correctly calculated, and the inventory-taking differences were recorded in the books.

1.3 Internal control

The Company's Management is responsible for establishing and operating the Company's internal control system, as well as preventing and detecting irregularities.

In planning and performing the audit of the Company's financial statements for the period ended 31 December 2007 we considered the internal control procedures to the extent necessary to determine our own procedures and issue an opinion on the financial statements.

For this reason, our review of the Company's internal controls might not have uncovered all of the system's significant weaknesses.

1.4 . Introduction and notes to the financial statements

The Company prepared additional information consisting of introduction and notes to the financial statements, which meets the disclosure requirements of International Financial Reporting Standards.

1.5 Statement of changes in shareholders equity

The statement of changes in shareholders' equity correctly shows an increase in the Company's shareholders' equity in the period from 1 January 2007 to 31 December 2007 by PLN 6 100 225; it has been correctly prepared and is consistent with the balance sheet and profit and loss account.

1.6 Cash flow statement

The cash flow statement has been prepared by the Company using the indirect method, and is consistent with the balance sheet, profit and loss account and the books of account.

1.7 Directors Report

The Company's Management Board prepared a Directors' Report on the Company's activities in the period from, which complies with information's included in audited financial statements.

The information presented in the Directors Report is consistent with the information presented in the Company's audited financial statements for the period from 1 January 2007 to 31 December 2007.

1 Managements declaration

The Company's Management submitted a written declaration about the completeness of the books of account, disclosure of all contingent liabilities and significant post-balance sheet events.

Warsaw, 25 January 2008

BDO Numerica S.A.
ul. Postępu 12
02-676 Warszawa
Registration No. 523

Auditor in charge
Hanna Sztuczyńska
Polish Certified Auditor
Reg. No. 9269/6955

On behalf of BDO Numerica S.A.
Dr. André Helin
Polish Certified Auditor
Reg. No. 90004/502
Senior Partner BDO Numerica S.A.